

# INDIANA GRAIN INDEMNITY BOARD

## OFFICIAL MEETING MINUTES

Chairman Kenneth Klemme called the meeting of the Indiana Grain Indemnity Corporation Board of Directors to order at 9:06 a.m. on August 5, 2005. The meeting was held in the Butler Room on the second floor of the Indiana Farm Bureau Corporate Headquarters located at 225 South East Street, Indianapolis, Indiana.

**PRESENT:** The following voting members were present:

John Colvin	Atlee Oylar	Jerry Rulon	Don Villwock
Roger Hadley	Fred Reichart	Lee Rulon	
Lynn Lykins	Herman Rettinger	William Tudor	

The nonvoting member or their representatives present were:

Kenneth E. Klemme, Director of Indiana Grain Buyers & Warehouse Licensing Agency  
Duane Jasheway, representative of the Treasurer of State  
Larry Hopkins, representative of the Attorney General

**ABSENT:** No board members were absent for the meeting.

**RESOURCE STAFF:** The following resource people were present:

Chad Frahm, Legal Counsel, Office of the Lt. Governor  
Dennis Henry, Indiana Grain Buyers & Warehouse Licensing Agency  
Cress Hizer, Indiana Grain & Feed Association

**QUORUM:** Chairman Klemme stated that there was a quorum present.

**MINUTES:** Copies of the minutes of the previous meeting (May 26, 2005) were distributed to board members to review. D. Villwock moved to approve the minutes as written. (Second from J. Rulon) *The minutes of the May 25, 2005, meeting were approved as written.*

**FINANCIAL:** The next order of business was the financial report prepared by Duane Jasheway on July 31, 2005, disclosing a fund balance of \$13,439,868.00. Along with the balance sheet was a statement of operation and a listing of fund investment information. D. Jasheway reported that they are now getting approximately 3.4% rate of return on investments and the Treasurer's Office is looking at longer term investments. R. Hadley asked if they were looking at local (Indianan) banks to invest with. D. Jasheway told the board that Indiana banks are being considered. Copies of the reports were distributed (Exhibit A).

**OLD BUSINESS:** Chairman Klemme reported to the board that a claim has been filed on behalf of the Corporation regarding Citizen's Grain. The claim submitted by the Corporation totaled \$680,380.35, which is the total amount of losses subrogated to the Corporation by claimants against the fund in the Citizen's Grain failure.

K. Klemme also reported to the board that there has been no activity regarding preemption and that from a licensing standpoint, all Indiana federally licensed warehouse have maintained their Indiana Grain Buyers license. Chairman Klemme also addressed a previous discussion regarding the agency's website listing current licensees. He told the board that this would be happening with the new website design, the only question was what type of format and information should appear on the website. He told the board that this is being discussed and would let them know the results.

K. Klemme spoke about the language that implied that the fund cap was ten million dollars. The board was told that this language only appears in the index which the agency created and has the ability to change. The legislation has no mention of a cap dollar amount for the fund.

Chairman Klemme gave an overview to the board regarding the Rule making process and asked the board to grant the authority for him to publish intent and initiate the administrative process. The board was told that this would not commit the Chairman to proceed with initiating the process. Further, initiation of the process by the Chairman would not commit the board to proceeding further. This only authorizes the initial steps and the board retains the authority to stop the process at any point along the way. If the board decides to proceed, any proposed rule must be adopted at a later date by the board. W. Tudor motioned that the Chairman be authorized to initiate the rule-making process, including the authority to publish the intent to adopt or revise rules to eliminate ambiguities between the statute and the rules as relates to the significance of a \$10 million fund balance and to delete rules or portions of rules which are no longer applicable. (Second from D. Villwock.) *Motion carried.*

Lastly, Chairman Klemme presented to the board for discussion a Memorandum of Understanding (MOU) with regard to the payment

of expenses from the administrative expenses account that was put together at the board's request by the working group that consisted of K. Klemme, R. Hadley and D. Villwock. The State Board of Accounts and the Attorney General's Office also reviewed the document. The MOU stated that the indemnity corporation would fund a percentage of the agencies activities. W. Tudor presented to the board his thoughts and there was much discussion between the board, Chairman and resource staff. After much deliberation, W. Tudor motioned that the board not sign the MOU as written. (Second by Lee Rulon) The board made further comments and agreed that the working group return to the drawing board. ***The motion carried.***

**NEW BUSINESS:** There was no new business to be reported. Chairman Klemme invited the board to visit the Indiana State Department of Agriculture's booth at the Pioneer Our Land Pavilion during the Indiana State Fair.

**ADJOURNMENT:** It was motioned that the meeting adjourn by J. Rulon. (Seconded by R. Hadley) The meeting adjourned at 11:34 a.m.

Claim forms and travel vouchers for mileage and per diem submitted by:

Roger Hadley	\$148.60	Jerry Rulon	\$50.00
Lynn Lykins	\$90.80	Lee Rulon	\$75.84
Atlee Oyler	\$94.20	William Tudor	\$70.40
Fred Reichart	\$94.20	Don Villwock	\$68.00
Herman Rettinger	\$126.84		

John Colvin declined submitting a claim for mileage & per diem.

Jerry Rulon declined submitting a claim for mileage.

Don Villwock declined submitting a claim for per diem.

Respectfully submitted by Dennis Henry on August 26, 2005.

**Exhibit A**

INDIANA GRAIN INDEMNITY CORPORATION  
BALANCE SHEET  
07/31/2005

**ASSETS**

Cash	\$135,330.55
Investments	13,304,537.45
<b>Total Assets</b>	<u>\$13,439,868.00</u>

**LIABILITIES AND FUND BALANCE**

Fund Balance	\$13,439,868.00
<b>Total Liabilities and Fund Balance</b>	<u>\$13,439,868.00</u>

INDIANA GRAIN INDEMNITY CORPORATION  
STATEMENT OF OPERATIONS  
FOR THE MONTH ENDING JULY 31, 2005

**Revenues:**

Investment Interest	\$33,017.28
<b>Total Revenues</b>	<u>233,354.29</u>

**Expenses:**

Bank Charges	122.05
<b>Total Expenses</b>	<u>122.05</u>
<b>Net Income</b>	33,895.23
<b>Fund Balance, 07/01/05</b>	13,406,972.77
<b>Fund Balance, 7/31/05</b>	<u>\$ 13,439,868.00</u>

**Exhibit A Continued**

FUND LIST: TYPE = TF  
FROM 08/01/2005 THRU 12/31/2015

Inv #	Investment #/Institution	CO	Purchase date	Maturity date	Par Original Cost	Coupon Yield	Interest Amt	Fund / Center	TOS#
61902	PRODUCER PREMIUM FD IRWIN UNION BANK & TRUST CO. 80446768	03	06/02/2005	09/01/2005	1,000,000.00	3.1900	8,063.61	6990-100400	146
61913	PRODUCER PREMIUM FD CITY SAVINGS BANK 1000053807	46	06/30/2005	09/29/2005	1,000,000.00	3.6800	9,302.22	6990-100400	146
61932	PRODUCER PREMIUM FD FLAGSTAR BANK	99	07/28/2005	10/27/2005	1,000,000.00	3.9200	9,908.89	6990-100400	146
	**CERTIFICATE OF DEPOSIT TOTAL**				3,000,000.00	3.5967	27,274.72		
36604	PRODUCER PREMIUM FD BANK OF NEW YORK	00	04/05/2005	08/15/2005	2,305,000.00	3.0300	25,608.55	6990-100400	146
36680	PRODUCER PREMIUM FD BANK OF NEW YORK	00	05/16/2005	08/16/2005	2,785,000.00	3.0900	21,992.22	6990-100400	146
36747	PRODUCER PREMIUM FD BANK OF NEW YORK	00	06/27/2005	08/05/2005	1,490,000.00	3.1700	5,116.91	6990-100400	146
36787	PRODUCER PREMIUM FD BANK OF NEW YORK	00	07/15/2005	09/16/2005	1,500,000.00	3.3050	8,675.63	6990-100400	146
36809	PRODUCER PREMIUM FD BANK OF NEW YORK	00	07/27/2005	11/15/2005	1,300,000.00	3.5100	14,069.25	6990-100400	146
	**GOVERNMENT AGY DISCOUNT NOTES TOTAL**				9,380,000.00	3.1806	75,462.56		
36810	PRODUCER PREMIUM FD BANK OF NEW YORK	00	07/27/2005	07/27/2007	1,000,000.00	4.0000	81,111.11	6990-100400	146
	**GOVT AGENCY COUPONS TOTAL**				1,000,000.00	4.0000	81,111.11		
	**TOTAL FOR FUND CODE**				13,380,000.00	3.3351	183,848.39		
					13,304,537.45	3.4218			

Date: 08/01/2005

